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This Brochure provides information about the qualifications and business practices of Glassman Wealth Services, LLC. If you have any questions about the contents of this Brochure, please contact us (703) 534-4444 or [barry@glassmanwealth.com](mailto:barry@glassmanwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Glassman Wealth Services, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Glassman Wealth Services, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## Item 2 Material Changes

Since Glassman Wealth Services, LLC's ("GWS") 2022 annual amendment filing and March 2023 annual amendment filing, GWS has made the following material changes to its Brochure:

- Item 4.B. to reflect that certain types of accounts are excluded from GWS' billing;
- Item 4.B. to reflect that accounts are billed on accrued income including interest and dividends;
- Item 5.A. to reflect GWS's updated minimum fee and general fee range;
- Item 5.A. to reflect GWS' different fee schedules which may be available in limited circumstances;
- Item 5.A. to reflect GWS' "householding" billing practice;
- Item 5.A. to reflect what assets are excluded from GWS' services and billing;
- Item 5.B. to reflect GWS' billing practices and that accounts are billed on accrued income including interest and dividends;
- Item 5.C. to reflect, with respect to private funds and independent managers, that clients will pay management fees at the fund level and to an independent manager in addition to the management fees paid to GWS;
- Item 5.D. to reflect GWS' billing practices and that accounts are billed on accrued income including interest and dividends;
- Item 7 to reflect what assets are excluded from GWS' services and billing;

**ANY QUESTIONS: GWS' Chief Compliance Officer, Barry Glassman, CFP®, remains available to address any questions that a client or prospective client may have regarding this Brochure and the arrangements described below.**

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## Item 4            **Advisory Business**

- A. Glassman Wealth Services, LLC (“GWS”) is a limited liability company formed in the Commonwealth of Virginia in 2009. GWS became registered as an Investment Adviser Firm with the Securities and Exchange Commission on September 17, 2009. GWS is principally owned by Barry Glassman, who is also GWS’ Chief Compliance Officer.
- B. As discussed below, GWS offers to its clients (individuals, high net-worth individuals, pension and profit sharing plans, charitable organizations, etc.) investment advisory services, financial planning consulting services, and retirement plan consulting services.

### **INVESTMENT ADVISORY SERVICES**

GWS provides discretionary investment advisory services on a *fee* basis as discussed at Item 5 below. Before engaging GWS to provide investment advisory services, clients are required to enter into an *Investment Advisory Agreement* with GWS setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. To commence the investment advisory process, GWS will ascertain each client’s investment objective(s) and then allocate the client’s assets consistent with the client’s designated investment objective(s). Once allocated, GWS provides ongoing supervision of the account(s). GWS’ annual investment advisory fee shall generally (exceptions can occur-*see below*) include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of GWS), GWS may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client. GWS only offers advice with respect to limited types of products and does not offer advice on individual securities. Furthermore, GWS generally does not bill on certain types of 529 plans and donor advised funds, with exceptions for larger managed accounts. GWS bills accounts on accrued income including interest and dividends.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

GWS may also provide financial planning and related consulting services regarding matters such as tax and estate planning, insurance, etc. on a stand-alone basis per the terms and conditions of a separate written agreement and fee, the fee for which shall generally be based upon the individual providing the service and the scope of the services to be provided. Prior to engaging GWS to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with GWS setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to GWS commencing services.

### **RETIREMENT PLAN SERVICES**

- **Trustee Directed Plans.** GWS may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, GWS will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). GWS will generally provide services on an “assets under management” fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Firm.
- **Participant Directed Retirement Plans.** GWS may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between GWS and the plan. For such engagements, GWS shall assist the Plan sponsor with the selection of an investment platform from which Plan

participants shall make their respective investment choices (which may include investment strategies devised and managed by GWS), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision-making process.

- **Client Retirement Plan Assets.** If requested to do so, GWS shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, GWS shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. GWS' ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. GWS will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify GWS of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account. Unless expressly indicated by the GWS to the contrary, in writing, the client's 401(k) plan assets shall be included as assets under management for purposes of GWS calculating its advisory fee.

## **MISCELLANEOUS**

**Limitations of Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, GWS will generally provide financial planning and related consulting services regarding matters such as tax and estate planning, insurance, etc. GWS will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, extraordinary matters, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note.** GWS believes that it is important for the client to address financial planning issues on an ongoing basis. GWS' advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with GWS. **Please Also Note:** GWS **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, GWS **does not** prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e., attorneys, accountants, insurance, etc.). The client is not under any obligation to engage any such professional(s). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from GWS and/or its representatives. If the client engages any professional (i.e., attorney, accountant, insurance agent, etc.), recommended or otherwise, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from the engaged professional. At all times, the engaged licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and **not** GWS, shall be responsible for the quality and competency of the services provided.

**Custodian Charges-Additional Fees.** As discussed at Items 5 and 12 below, when requested to recommend a broker-dealer/custodian for client accounts, GWS generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, do not currently charge fees on individual equity transactions, others do). **Please Note:** there can be no assurance that *Schwab* will not change its transaction fee pricing in the future). These fees/charges are in addition to GWS' investment advisory fee at Item 5 below. GWS does not receive any portion of these fees/charges. *Schwab* may also assess fees to clients

who elect to receive trade confirmations and account statements by regular mail rather than electronically. **ANY QUESTIONS: GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the above.**

**Unaffiliated Private Investment Funds.** GWS may also provide investment advice regarding unaffiliated private investment funds. In particular, GWS may recommend that certain qualified clients consider an investment in unaffiliated private investment funds on a non-discretionary basis. GWS' role relative to the private investment funds will be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in any fund will be included as part of "assets under management" for purposes of GWS calculating its investment advisory fee. GWS' clients are under absolutely no obligation to consider or make an investment in any private investment fund.

**Private Fund Risk Factors:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client will establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Private Fund Valuation.** In the event that GWS references private investment funds owned by the client on any supplemental account reports prepared by GWS, the value(s) for all private investment funds owned by the client will reflect the most recent valuation provided by the fund sponsor. The current value could be significantly more or less than original purchase price or the fair market value of the fund. The client's advisory fee will be based upon reflected fund values.

**Retirement Plan Rollovers – Potential for Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If GWS recommends that a client roll over their retirement plan assets into an account to be managed by GWS, such a recommendation creates a conflict of interest if GWS will earn new (or increase its current) compensation as a result of the rollover. If GWS provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), GWS is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. **No client is under any obligation to roll over retirement plan assets to an account managed by GWS, whether it is from an employer's plan or an existing IRA. GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Portfolio Activity.** GWS has a fiduciary duty to provide services consistent with the client's best interest. GWS will review client portfolios on an ongoing basis to determine if any changes are

necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when GWS determines that changes to a client's portfolio are neither necessary, nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Positions.** GWS continues to treat cash as an asset class. As such, unless determined to the contrary by GWS, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating GWS' advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), GWS may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, GWS' advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian's sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, GWS shall generally purchase a higher yielding money market fund available on the custodian's platform with cash proceeds or deposits, unless GWS reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market fund, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. **ANY QUESTIONS: GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the above.**

**Use of Mutual and Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by GWS independent of engaging GWS as an investment advisor. However, if a prospective client determines to do so, he/she will not receive GWS' initial and ongoing investment advisory services. GWS also uses mutual funds advised by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers approved by DFA. If a client terminates GWS' services, restrictions regarding additional purchases of, or reallocation among other DFA funds, can apply. In addition to GWS' investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).

**Socially Responsible Investing Limitations.** *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and

exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by GWS), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

**Independent Managers.** GWS may allocate a portion of the client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. GWS shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that GWS shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note.** The investment management fee charged by the Independent Manager[s] is separate from, and in addition to, GWS' investment advisory fee disclosed at Item 5 below. **ANY QUESTIONS:** GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the allocation of account assets to an Independent Manager(s), including the specific additional fee to be charged by such Independent Manager(s).

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin-**The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral or
- **Pledged Assets Loan-** In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral.

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, GWS does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). GWS does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to GWS:

- by taking the loan rather than liquidating assets in the client's account, GWS continues to earn a fee on such account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by GWS, GWS will receive an advisory fee on the invested amount; and,
- if GWS' advisory fee is based upon the higher margined account value, GWS will earn a correspondingly higher advisory fee. This could provide GWS with a disincentive to encourage the client to discontinue the use of margin.

**Please Note:** The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**ByAllAccounts and MoneyGuidePro.** GWS, in conjunction with the services provided by ByAllAccounts, Inc., and “MoneyGuidePro” may also provide periodic comprehensive reporting and financial planning services, which can incorporate all of the client’s investment assets including those investment assets that are not part of the assets managed by GWS (the “Excluded Assets”). **The client and/or the client’s other advisors that maintain trading authority, and not GWS, shall be exclusively responsible for the investment performance of the Excluded Assets.**

Unless otherwise specifically agreed to, in writing, GWS’ service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if GWS is specifically engaged to monitor and/or allocate the assets within the client’s 401(k) account maintained away at the custodian directed by the client’s employer. As such, except with respect to the client’s 401(k) account (if applicable), GWS does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client’s designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If GWS were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and GWS shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that GWS provide investment management services for the Excluded Assets, the client may engage GWS to do so pursuant to the terms and conditions of the Investment Advisory Agreement between GWS and the client. In addition, GWS shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the MoneyGuidePro platform without GWS’ assistance or oversight.

**Other Assets.** A client’s account(s) may hold securities that were purchased at the request of the client or acquired prior to the client’s engagement of GWS. There may be other securities owned by the client for which GWS does not maintain custodian access and/or trading authority. Generally (with potential exceptions), GWS does not/would not recommend nor follow such securities, and absent mitigating tax consequences or client direction to the contrary, would prefer to liquidate such securities. Contrary to those investment assets that GWS manages for the client, GWS does not monitor such securities on an ongoing and continuous basis. However, GWS shall: (1) consider these securities as part of the client’s overall financial plan and asset allocation; (2) include such securities on the client’s performance reports; and (3) include the market value of all such securities for purposes of calculating its advisory fee. Please Also Note. If/when liquidated, it should not be assumed that the replacement securities purchased by GWS will outperform the liquidated positions. To the contrary, different types of investments involve varying degrees of risk, and there can be no assurance that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by GWS) will be profitable or equal any specific performance level(s). ANY QUESTIONS: GWS’ Chief Compliance Officer, Barry Glassman, remains available to address any questions regarding the above.

**Cybersecurity Risk.** The information technology systems and networks that GWS and its third-party service providers use to provide services to GWS’ clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in GWS’ operations and result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and GWS are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory



obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although GWS has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that GWS does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Client Obligations.** In performing its services, GWS will not be required to verify any information received from the client or from the client's other designated professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify GWS if there is ever any change in their financial situation or investment objective(s) for the purpose of reviewing, evaluating, or revising GWS' previous recommendations and/or services.

**Disclosure Brochure.** A copy of the GWS' written Privacy Notice, Disclosure Brochure as set forth on Part 2 of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by GWS) will be profitable or equal any specific performance level(s).

- C. GWS will provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, GWS will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on GWS' services.
- D. GWS does not offer a wrap-fee program for its investment advisory services.
- E. As of May 10, 2023, GWS had \$1,692,725,748 in assets under management on a discretionary basis and \$107,834,035 in assets under management on a non-discretionary basis for a total of \$1,800,559,783.

## **Item 5            Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

If a client determines to engage GWS to provide discretionary investment advisory services on a *fee-only* basis, GWS' negotiable annual investment advisory fee will be based upon a percentage (%) of the market value and type of assets placed under GWS' management. The annual investment advisory fee will generally be:

	<u>ASSETS VALUE</u>	<u>BASE FEE</u>
Initial	up to \$2,000,000	1.00%
Then the next \$3 million from	\$2,000,001 - \$5,000,000	0.75%
Then the next \$5 million from	\$5,000,001 - \$10,000,000	0.50%
Then the next \$15 million from	\$10,000,001 - \$25,000,000	0.25%
	Above \$25,000,000	negotiable

GWS' fee is subject to the terms and conditions of the Investment Advisory Agreement, depending upon various factors including but not limited to: the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); competition, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees (*see* Fee Dispersion below). Moreover, the services to be provided by GWS to any particular client could be available from other advisers at lower fees. In limited circumstances, GWS also makes certain other fee schedules available to clients, including tiered, set rate, and flat dollar arrangements. All clients and prospective clients should be guided accordingly. Related accounts are grouped for fee billing breakpoint purposes, a process known as "householding."

**Please Also Note:** GWS also generally requires a \$2,000,000 minimum asset level and a \$16,000 minimum annual fee for investment advisory services. Please refer to Item 7 below for more information in this respect. In the event that the client is subject to an annual minimum fee, the client could pay a higher percentage fee than referenced above. GWS' minimum fee can be waived, reduced, or increased.

**Fee Dispersion.** GWS, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive its minimum fee, waive its fee entirely, exclude assets from billing, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). GWS generally does not bill on certain types of 529 plans and donor advised funds, with exceptions for larger managed accounts. **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding advisory fees.

**GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding its fees, and minimum asset levels and fees.**

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

GWS may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. GWS' negotiable financial planning and consulting fees generally range between \$500 and \$10,000 on a fixed-fee basis subject to the terms and conditions of the *Financial Planning and Consulting Agreement*, depending upon the level and scope of the service(s) required

and the professional(s) rendering the service(s). If the client engages GWS for additional investment advisory services, GWS may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

#### **RETIREMENT PLAN CONSULTING SERVICES**

If a client determines to engage GWS to provide retirement plan consulting services, the terms and conditions of the engagement will be set forth in a *Retirement Plan Services Agreement* between GWS and the plan sponsor. GWS charges a negotiable annual fee for retirement plan consulting services, which generally ranges between 0.25% and 1.00% of plan assets, depending on the level and scope of services requested, the professional(s) rendering the service(s), and the size of the plan.

- B. Clients may elect to have GWS' fees deducted from their custodial accounts. The applicable form of Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of GWS' fees and to directly remit that fee to GWS in compliance with regulatory procedures. In the limited event that GWS bills the client directly, payment is due upon receipt of GWS' invoice. GWS' annual fee shall be prorated and paid quarterly, in arrears, based upon the market value of the Assets on the last business day of the previous quarter (rounded to the nearest dollar), which fee shall be adjusted for capital flows (i.e., contributions or withdrawals) on any single market day in excess of \$1,000.00. GWS bills accounts on accrued income including interest and dividends.
- C. As discussed above at Item 4 and below at Item 12, unless the client directs otherwise or an individual client's circumstances require, GWS generally recommends that Charles Schwab & Co., Inc., an SEC registered broker-dealer, FINRA and SIPC Member ("Schwab") serve as the broker-dealer/custodian for client investment assets. As discussed at Item 4 above, broker-dealers such as Schwab charge transaction fees for executing certain). In addition, clients will also incur, relative to all mutual fund and exchange traded fund ("ETF") purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, the charges imposed at the fund level, and any fees charged by Independent Managers as referenced above are in addition to GWS' investment advisory fees referenced in this Item 5. Additionally, with respect to private funds and independent managers, clients will pay management fees at the fund level and to an independent manager in addition to the management fees paid to GWS
- D. GWS' annual fee shall be prorated and paid quarterly, in arrears, based upon the market value of the Assets on the last business day of the previous quarter (rounded to the nearest dollar), which fee shall be adjusted for capital flows (i.e., contributions or withdrawals) on any single market day in excess of \$1,000.00. The applicable form of client Agreement with GWS will continue in effect until terminated by either party in accordance with the terms of such Agreement. Upon termination, GWS will bill or debit the client account for the pro-rated portion of the unpaid fee, based upon the number of days that services were provided during the billing quarter.
- E. Neither GWS, nor its representatives, accepts compensation from the sale of securities or other investment products.

#### **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither GWS, nor any supervised person is a party to any performance or incentive-related compensation arrangements with its clients.

## Item 7           Types of Clients

GWS' clients will generally include: individuals, high net-worth individuals, pension and profit sharing plans, and charitable organizations. GWS also generally requires a \$2,000,000 minimum asset level and could impose a minimum annual fee for investment advisory services. In the event that the client is subject to an annual minimum fee, the client could pay a higher percentage fee than referenced at Item 5 above

GWS, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive its minimum fee, waive its fee entirely, exclude assets from billing, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). GWS generally does not bill on certain types of 529 plans and donor advised funds, with exceptions for larger managed accounts. **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **ANY QUESTIONS:** GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding advisory fees.

## Item 8           Methods of Analysis, Investment Strategies and Risk of Loss

A. GWS may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts); and
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices).

GWS may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year); and
- Short Term Purchases (securities sold within a year).

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by GWS) will be profitable or equal any specific performance level(s). Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. GWS' methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis GWS must have access to current/new market information. GWS has no control over the dissemination rate of market information; therefore, unbeknownst to GWS, certain analyses may be compiled with outdated market information, severely limiting the value of GWS' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

GWS' primary investment strategies (Long Term Purchases and Short Term Purchases) are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

**Margin Accounts: Risks.** GWS **does not** recommend the use of margin for investment purposes. A *margin account* is a brokerage account that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the customer is employing leverage that will magnify both account gains and losses. **Please Note:** The use of margin can cause significant adverse financial consequences in the event of a market correction. **ANY QUESTIONS: Our Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the use of margin.**

- C. GWS primarily allocates client investment assets primarily among open-end no load mutual funds, with the remainder primarily allocated among exchange traded funds ("ETFs"), Independent Manager(s), and private investment funds. In limited circumstances, GWS may recommend the use of options-*see* Item 8 below. Upon a specific client request, GWS may also allocate client investment assets as an accommodation among individual equity or fixed income securities. Each type of security or investment has its own unique set of risks associated with it. The following provides a short description of some of the underlying risks associated with the types of investments that GWS employs or recommends:

**Market Risk.** The price of a security may drop in reaction to tangible and intangible events and conditions. This type of risk may be caused by external factors (such as economic or political factors), but may also be incurred because of a security's specific underlying investments. Additionally, each security's price can fluctuate based on market movement, which may or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events, which are temporarily negative, or temporarily positive.

**Unsystematic Risk.** Unsystematic risk is the company-specific or industry-specific risk in a portfolio that the investor bears. Unsystematic risk is typically addressed through diversification. However, as indicated above, diversification does not guarantee better performance and cannot eliminate the risk of investment losses.

**Value Investment Risk.** Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform growth stocks.

**Growth Investment Risk.** Prices of growth stocks tend to be higher in relation to their companies' earnings and may be more sensitive to market, political and economic developments than other stocks, making their prices more volatile.

**Small Company Risk.** Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, small capitalization companies are more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

**Commodity Risk.** The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

**Interest Rate Risk.** Fixed income securities and fixed income-based securities are subject to interest rate risk because the prices of fixed income securities tend to move in the opposite direction of interest rates. When interest rates rise, fixed income security prices tend to fall. When interest rates fall, fixed income security prices tend to rise. In general, fixed income securities with longer maturities are more sensitive to these price changes.

**Inflation Risk.** When any type of inflation is present, a dollar at present value will not carry the same purchasing power as a dollar in the future, because that purchasing power erodes at the rate of inflation.

**Reinvestment Risk.** Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate), which primarily relates to fixed income securities.

**Credit Risk.** The issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and impact performance. Credit risk is considered greater for fixed income securities with ratings below investment grade. Fixed income securities that are below investment grade involve higher credit risk and are considered speculative.

**Call Risk.** During periods of falling interest rates, a bond issuer will call or repay a higher-yielding bond before its maturity date, forcing the investment to reinvest in bonds with lower interest rates than the original obligations.

**Regulatory Risk.** Changes in laws and regulations from any government can change the market value of companies subject to such regulations. Certain industries are more susceptible to government regulation. For example, changes in zoning, tax structure or laws may impact the return on investments.

**Mutual Fund Risk.** Mutual funds are operated by investment companies that raise money from shareholders and invest it in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while

others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives).

**Exchange Traded Fund Risk.** ETFs are marketable securities that are designed to track, before fees and expenses, the performance or returns of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.

**Exchange Traded Note Risk.** ETNs are unsecured debt obligation of the issuer, that trade on exchanges and seek a return linked to a market index or other benchmark. Unlike ETFs, ETNs do not buy or hold assets to replicate or approximate the performance of the underlying index. The return on an ETN generally depends on price changes if the ETN is sold before maturing (as with stocks or ETFs)— or on the payment, if any, of a distribution if the ETN is held to maturity (as with some other structured products). An ETN's indicative value is computed by the issuer and is distinct from an ETN's market price, which is the price at which an ETN trades in the secondary market. An ETN's market price can deviate, sometimes significantly, from its indicative value.

**Independent Manager Risk.** GWS will conduct initial and ongoing due diligence regarding Independent Managers and their respective investment style and process. However, GWS will not have the opportunity to evaluate each specific investment that the Independent Managers will execute on the client's behalf. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of Independent Managers and returns could be adversely affected by unfavorable performance of such Independent Managers. Further, GWS depends on Independent Managers to develop the appropriate systems and procedures to control operational risks.

**Unaffiliated Private Investment Fund Risk.** Private investment funds generally involve various risk factors including, but not limited to potential for complete loss of principal, liquidity constraints and lack of transparency. A complete discussion of the risks will be set forth in each fund's offering documents, which will be provided to each client for review and consideration. GWS' role related to the private investment funds is limited to its initial and ongoing due diligence and investment monitoring services. GWS' clients are under absolutely no obligation to consider or make an investment in private investment funds. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a subscription agreement, pursuant to which the client will establish that they qualified for investment in the fund, and that they acknowledge and accept the various risk factors that are associated with such an investment.

**Options Strategies.** In limited circumstances, upon client direction, GWS may engage in options transactions for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the

form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of “hedging” a potential market risk in a client’s portfolio and/or generating income for a client’s portfolio. **Please Note:** Certain options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct GWS, in writing, not to employ any or all such strategies for his/her/their/its accounts. **Please Also Note:** There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

**Long Put Option Purchases.** Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long-put option can increase in value depending upon the strike price and expiration. Long puts are often used to hedge a long stock position to protect against downside risk. The security/portfolio could still experience losses depending on the quantity of the puts bought, strike price and expiration. In the event that the security is put to the option holder, it will result in the client (option seller) to lose ownership in the security and to incur potential unintended tax consequences. Options are wasting assets and expire (usually within months of issuance).

## **Item 9           Disciplinary Information**

Neither GWS nor its management persons have been the subject of any disciplinary actions.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. Neither GWS, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither GWS, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Neither GWS, nor its representatives, have any relationship or arrangement that is material to its advisory business or to its clients with any related person.



- D. GWS does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

## **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. GWS maintains an investment policy relative to personal securities transactions. This investment policy is part of GWS' overall Code of Ethics, which serves to establish a standard of business conduct for all of GWS' Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, GWS also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by GWS or any person associated with GWS.

- B. Neither GWS nor any related person of GWS recommends, buys, or sells for client accounts, securities in which GWS or any related person of GWS has a material financial interest.
- C. GWS and/or representatives of GWS may buy or sell securities that are also recommended to clients. This practice may create a situation where GWS and/or representatives of GWS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if GWS did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of GWS' clients) and other potentially abusive practices.

GWS has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of GWS' "Access Persons." GWS' personal securities transaction policy requires that an Access Person of GWS must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date GWS selects.

- D. GWS and/or representatives of GWS may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where GWS and/or representatives of GWS are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C, GWS has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of GWS' Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that GWS recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct GWS to use a specific broker-dealer/custodian), GWS generally recommends that investment management accounts be maintained at Schwab. Before engaging GWS to provide investment management services, the

client will be required to enter into a formal *Investment Advisory Agreement* with GWS setting forth the terms and conditions under which GWS will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that GWS considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with GWS, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by GWS' clients will comply with GWS' duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where GWS determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although GWS will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, GWS' investment management fee. GWS' best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, GWS receives from Schwab (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist GWS to better monitor and service client accounts maintained at such institutions. The support services that GWS receives can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events (which can also include transportation and lodging), marketing support, computer hardware and/or software and/or other products used by GWS in furtherance of its investment advisory business operations. As referenced above, certain of the support services and/or products that GWS can receive may assist GWS in managing and administering client accounts. Others do not directly provide such assistance, but rather assist GWS to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because GWS has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, GWS' clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by GWS to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.**

Schwab Institutional Advisor Program

Without limiting the above, GWS participates in the Schwab Institutional Advisor Program ("Schwab IA Program") offered by Schwab Institutional, which is a division of Schwab. GWS

is independently owned and operated and not affiliated with Schwab. Schwab provides GWS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services, and are not otherwise contingent upon GWS committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For GWS' client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to GWS other products and services that benefit GWS but may not benefit its clients' accounts. Some of these other products and services assist GWS in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of GWS' fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of GWS' accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to GWS other services intended to help GWS manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to GWS by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to GWS. While as a fiduciary, GWS endeavors to act in its clients' best interests, GWS' recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to GWS of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which presents a conflict of interest. However, based upon the amount of assets under GWS' management as reported in Item 4.E. above, as compared to the \$10 million requirement to qualify for the Schwab IA Program, GWS does not believe that this conflict of interest is material or compromises its fiduciary obligations to its clients in any way.

2. GWS does not receive referrals from broker-dealers.
3. Directed Brokerage. GWS does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and GWS will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by GWS. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs GWS to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through GWS. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that GWS provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless GWS decides to purchase or sell the same securities for several clients at approximately the same time. GWS may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among GWS' clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. GWS will not receive any additional compensation or remuneration as a result of such aggregation.

GWS has adopted certain parameters for the correction of trading errors. When GWS corrects an error, the client will not be disadvantaged and will be made whole. Accordingly, if GWS makes an error while placing a trade for an account, then GWS will bear any costs of correcting such a trade. No portion of any trade error is ever retained by GWS to offset its cost of correction for future errors. GWS maintains a file documenting trade errors and the correction thereof.

### **Item 13      Review of Accounts**

- A. For those clients to whom GWS provides investment supervisory services, account reviews are conducted on a periodic basis by GWS' Principals and/or representatives. Account reviews are conducted semi-annually and quarterly depending on the complexity of the client. All investment supervisory clients are advised that it remains their responsibility to advise GWS of any changes in their investment objective(s) and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objective(s) and account performance with GWS on an annual basis.
- B. GWS conducts account reviews on a periodic basis, upon the occurrence of a triggering event, such as a change in client investment objective(s) and/or financial situation, market corrections, and upon client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. GWS may also provide a written periodic report summarizing account activity and performance.

### **Item 14      Client Referrals and Other Compensation**

- A. As referenced in Item 12.A above, GWS receives economic benefits from Schwab including support services and/or products without cost and/or at a discount. Clients and prospective clients should review Item 12.A.1 above for more information about this arrangement.
- B. GWS does not maintain solicitor arrangements/pay referral fee compensation to non-employees for new client introductions.

## **Item 15 Custody**

GWS shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. **Please Note:** The account custodian does not verify the accuracy of GWS' advisory fee calculation.

In addition, GWS and/or certain of its members engage in other services and/or practices (i.e., bill paying, password possession, trustee service, etc.) requiring disclosure at Item 9 of Part 1 of Form ADV. Certain of these services and practices can result in GWS having custody under Rule 206(4)-2 of the Advisers Act. Per the Rule, having such custody requires GWS to undergo an annual surprise CPA examination, and make a corresponding Form ADV-E filing with the SEC, for as long as GWS provides such services and/or engages in such practices. **ANY QUESTIONS: GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions that a client or prospective client may have regarding custody-related issues.**

## **Item 16 Investment Discretion**

The client can determine to engage GWS to provide investment advisory services on a discretionary basis. Before GWS assumes discretionary authority over a client's account, the client will be required to execute an Investment Advisory Agreement, naming GWS as the client's attorney and agent in fact, granting GWS full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account. Clients who engage GWS on a discretionary basis may, at any time, impose restrictions, in writing, on GWS' discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe GWS' use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. GWS does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact GWS to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. GWS does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. GWS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. GWS has not been the subject of a bankruptcy petition.

**ANY QUESTIONS:** GWS' Chief Compliance Officer, Barry Glassman, remains available to address any questions regarding this Part 2A.